2002 ANNUAL REPORT

GLOBEX RESOURCES LTD.

GLOBEX RESOURCES LTD. is a Calgary-based, oil and gas producer in Western Canada, where the Company continues to build on its reserves and production base through exploration and development drilling and strategic acquisitions. For immediate growth, Globex is exploring for natural gas in the Peace River Arch of northern Alberta and for light oil in southeastern Saskatchewan.

For the medium to long-term growth, the Company is exploring high impact natural gas prospects in the Province of New Brunswick.

The common shares of Globex trade on the TSX Venture Exchange under the symbol "GBX". As of March 31, 2003, the Company had 9.1 million common shares issued and outstanding.

2002 HIGHLIGHTS

	2002	2001
Financial		
Gross production revenue	**$ 7,959,815**	$ 8,606,558
Cash flow from operations	**$ 3,715,975**	$ 4,205,365
Per share (cents)	**41**	46
Earnings	**$ 1,220,509**	$ 2,764,936
Per share (cents)	**13**	30
Capital expenditures	**$ 4,776,411**	$ 5,125,247
Proceeds from asset sales	**$ 870,000**	$ 2,861,510
Working capital	**$ (115,667)**	$ 266,728
Investments	**$ 1,750,000**	$ 1,750,000
Total Assets	**$13,635,854**	$12,807,934
Shares outstanding at year-end	**9,082,700**	9,187,000
Operating		
Average Production		
Crude oil and NGL's (bbls/d)	**337**	329
Natural gas (mcf/d)	**2,721**	2,423
Barrels of oil equivalent (boe/d)	**791**	733
Average Selling Price		
Oil and NGL's ($/bbl)	**34.22**	32.30
Natural gas ($/mcf)	**3.86**	5.40
Reserves		
Proven		
Oil & NGL's (mbbls)	**497**	463
Natural gas (mmcf)	**5,960**	6,038
Barrels of oil equivalent (mboe)	**1,490**	1,469
Proven and Probable		
Oil & NGL's (mbbls)	**812**	618
Natural gas (mmcf)	**6,931**	8,045
Barrels of oil equivalent (mboe)	**1,967**	1,958
Undeveloped Land (Acres)		
Western Canada		
Gross	**16,050**	10,440
Net	**6,509**	3,318
New Brunswick		
Gross	**106,700**	—
Net	**53,350**	—
Wells Drilled		
Gross	**12**	9
Net	**3.20**	1.90

MESSAGE TO SHAREHOLDERS

Globex continues to remain profitable with a strong balance sheet capable of financing the future growth of the Company. During 2002, Globex built an inventory of exploration prospects, replaced the reserves it produced and completed its property rationalization program. Through successful land purchases in the Peace River Arch in northern Alberta and an area wide farm-in in southeastern Saskatchewan, Globex is building a solid inventory of exploration and development prospects for next year's drilling program. For longer term growth, we also fulfilled our expenditure commitment in Eastern Canada to earn a significant land position adjacent to a major natural gas discovery in the Province of New Brunswick.

Western Canada

Through successful drilling, Globex was able to maintain its oil and gas reserves in 2002. During the year, we substantially increased our undeveloped land holdings and identified over 20 drilling locations for 2003.

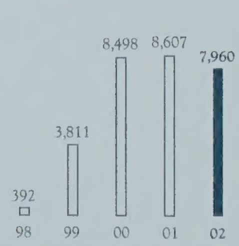
In 2002, we reported an 8% increase in annual production to 791 boe/d from 733 boe/d a year earlier. While year-end exit production fell to 626 boe/d, we expect production levels will increase significantly next year, with an aggressive drilling program planned for 2003.

Globex's property rationalization program, which has been ongoing for the past four years, is now complete. With an additional $870,000 divestment of non-core properties during 2002, total property sales since 1998 have reached $5.4 million exceeding total acquisition costs of $4.6 million since inception of the Company. At year-end 2002, Globex's portfolio in Western Canada consisted of 22 working interest areas and 14 royalty interest areas, all in Alberta and Saskatchewan.

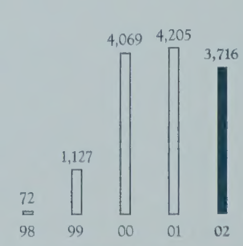
During 2002, revenues, cash flow and earnings were lower primarily due to weaker natural gas prices; however, we were able to fund our $4.8 million capital expenditure program from internal cash flow and property sales with no debt at year-end.

Eastern Canada

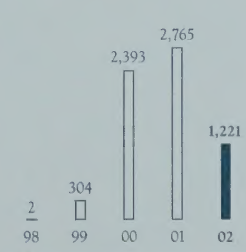
Having completed the expenditure of over $2 million on seismic and drilling, Globex is in a fully earned position, with a 50% working interest in 106,700 acres of undeveloped land adjacent to the McCully natural gas discovery in New Brunswick. At year-end, this undeveloped acreage had a remaining term of 11 years.



GROSS PRODUCTION REVENUE
$m



CASH FLOW
$m



EARNINGS
$m

Globex also has an investment of 1.5 million shares in Corridor Resources Inc. Along with its 50% working interest in the earned lands, the Company is in an excellent position to participate in the longer term growth opportunities in Eastern Canada.

Outlook

In 2003 the Company will focus entirely in Western Canada. We intend to participate in drilling over 20 wells with a record capital expenditure of $6 million. With buoyant commodity prices, we expect to fund our capital program through internal cash flow and, if required, from the Company's unused line of credit of $5 million. Our objective this year is to increase our production to over 1,000 boe/d with longer life reserve additions.

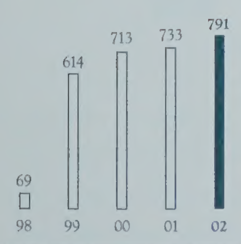
Our primary exploration focus for natural gas is in the Peace River Arch in northern Alberta and for light oil in southeastern Saskatchewan. We will continue to build on our inventory of land and prospects in these areas. In southeastern Saskatchewan, where we are 50% participants, we have completed an extensive technical review and continue to accumulate further acreage through crown and freehold land acquisitions.

In New Brunswick, further drilling will depend on the pace of ongoing development plans at the adjacent McCully gas field. These plans include: timing of production tie-in, development drilling, and transportation and marketing of natural gas. Drilling of additional exploration leads identified on our working interest lands will be scheduled so as to minimize the time required to tie-in any successful wells into the pipeline network developed for the McCully natural gas field.

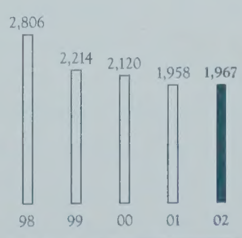
We continue to generate an above average return on investment for our shareholders and Globex's net asset value has grown to over $2.00 per share.

We thank our shareholders for their ongoing support. We appreciate the contribution of our board of directors, employees, and our experienced team of technical and financial experts who have made the year 2002 another successful year.

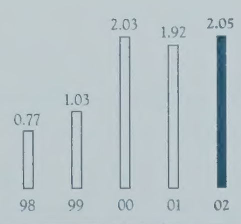
ASH BHASIN President and Chief Executive Officer, May 1, 2003



PRODUCTION
boe/d



RESERVES – TOTAL PROVED PLUS PROBABLE
mboe



NET ASSET VALUE
$per share-basic (p.v. 15%)

OPERATIONS REVIEW

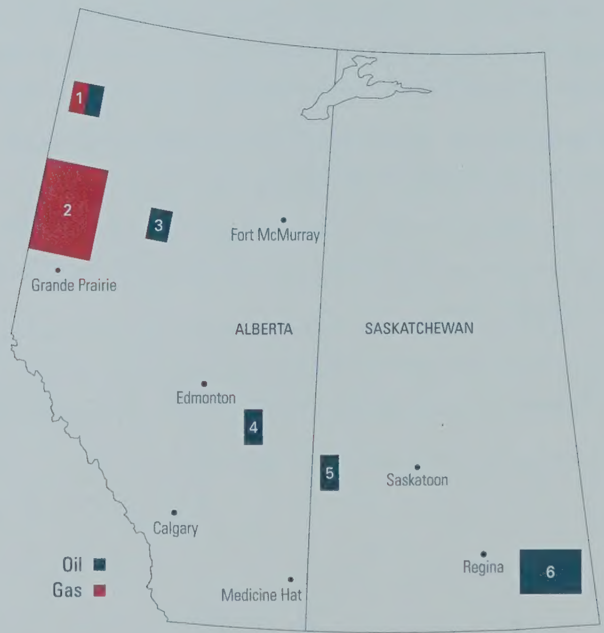
During the year 2002, Globex successfully maintained its oil and gas reserves despite the impact of property sales and the allocation of over 25% of the Company's total capital expenditures to Eastern Canada. Globex's production increased to an average of 791 boe/d compared to 733 boe/d in 2001. The Company also completed its property rationalization program and increased its inventory of drilling prospects and undeveloped land holdings. As a result of these achievements in 2002, Globex is well positioned to realize significant growth in Western Canada next year with over 20 drilling locations planned for 2003.

In New Brunswick, Globex completed its $2 million farm-in and work commitment with Corridor Resources Inc. and has earned a 50% working interest in 106,700 acres of undeveloped land adjacent to the recently discovered McCully gas field.

Globex in Western Canada

Globex's four focus areas in Alberta are Rainbow Lake South, the Peace River Arch, Red Earth and Bellshill Lake. The Company has two additional focus areas in Saskatchewan; one is located at Hoosier and the other covers a wide area in the southeastern part of the province. These areas accounted for over 55% of the Company's production in 2002.

1 Rainbow Lake South
2 Peace River Arch
3 Red Earth
4 Bellshill Lake
5 Hoosier
6 Southeast Saskatchewan



During 2002, Globex continued its efforts to further rationalize the Company's properties in Western Canada. Divestment of non-core properties generated $870,000 in cash and reduced the Company's property count to 36 from 46 at year-end 2001. Since commencement of operations in 1997, Globex has realized $5.4 million from property sales, exceeding the $4.6 million it spent on property acquisitions over the same period of time. During this period, Globex's production has steadily increased to over 700 boe/d.

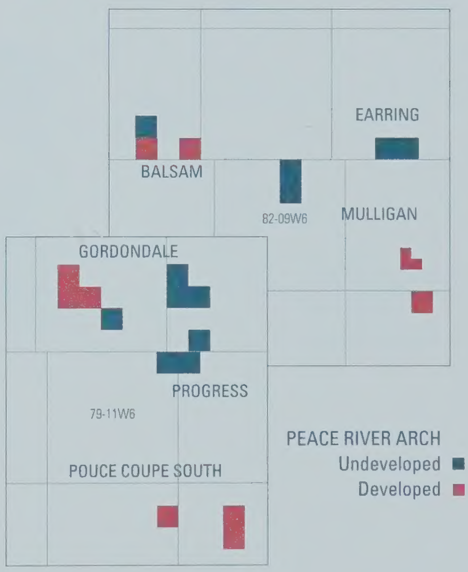
Having completed its property rationalization program, Globex will continue to increase its reserves and production in Western Canada through exploration and development drilling and strategic acquisitions. Our objective is to drill on high working interest lands and to increase the Company's oil and gas production to over 1,000 boe/d. With continued strong cash flow and available bank financing, the Company is well positioned to capitalize on attractive opportunities to achieve its objective by year-end 2003.

During 2002, Globex participated in drilling 11 wells (2.70 net) in Western Canada, resulting in 5 oil wells (1.10 net), 3 gas wells (0.60 net), 2 dry holes (0.75 net) and 1 suspended gas well (0.25 net) which was subsequently sold as part of a divestment package. Reserves and production were added for oil at Bellshill Lake, Alberta and Hoosier, Saskatchewan and for natural gas at Balsam and Gordondale in the Peace River Arch in northern Alberta.

Peace River Arch

The Peace River Arch in northern Alberta is emerging as one of the core areas for natural gas exploration and production for Globex. This area accounted for nearly one-half of the Company's natural gas production in 2002, some of which came from a number of Globex operated wells at Balsam.

During 2002, the Company more than doubled its undeveloped acreage in the Peace River Arch through crown land sales. Globex, as operator, plans to be an active driller in this area in 2003 and will continue to grow its production and undeveloped land base.



Southeast Saskatchewan

In November 2002, Globex signed a joint venture and participation agreement with Surge Petroleum Inc. to participate equally in a wide area seismic review and farm-in agreement with Talisman Energy Inc. After extensive geological and geophysical study of the area, Globex and Surge plan to acquire further lands within this region and plan to drill on several of the defined prospects during 2003.

S.E. SASKATCHEWAN
Talisman AMI
Globex/Surge Lands

Production

The Company's average production reported for 2002 increased to 791 boe/d from 733 boe/d in 2001 primarily as a result of payout adjustments on the Company's interest in two gas wells at Carrot Creek. Compared to 2001, Globex's exit production remained flat for oil and NGL but dropped for natural gas primarily due to production declines experienced at the Balsam property. The Company plans to increase production next year with an aggressive drilling program in 2003.

Exit Production Summary	Oil and NGL bbls/d	Natural Gas mcf/d	Total boe/d
Average December 2001 Production	293	2,554	719
Additions			
Drilling, Recompletions and Workovers	177	580	274
Property Acquisitions	3	0	3
	180	580	277
Reductions			
Production Declines	162	888	310
Property Divestitures	17	256	60
	179	1,144	370
Average December 2002 Production	294	1,990	626

Reserves

During 2002, Globex successfully maintained its oil and gas reserves despite the impact of property sales and the allocation of significant capital expenditures to Eastern Canada. On a total proved basis, the Company's reserve additions through drilling, recompletions and workovers replaced 111% of the reserves produced during the year.

The following table summarizes the changes to Globex's reserves in 2002:

	Total Proved mboe	Total Proved Plus Probable mboe
Reserves at December 31, 2001	1,469	1,958
Additions		
Drilling, Recompletions and Workovers	320	382
Property Acquisitions	7	8
	327	390
Reductions		
Production	289	289
Property Divestitures	95	143
	384	432
Net Revisions	78	51
Reserves at December 31, 2002	1,490	1,967

At year-end, Globex's total proved and total proved plus probable reserves are 1.5 and 2.0 million boe, respectively. Approximately 10% of the Company's year-end reserves are royalty interest reserves.

Based on average December 2002 production, Globex's reserve life index at year end is 6.5 and 8.6 years on a total proved and a total proved plus probable basis, respectively.

The sales volumes and net present values of the Company's petroleum and natural gas reserves have been evaluated as at December 31, 2002 by independent engineering consultants, Paddock Lindstrom & Associates Ltd. The reserves presented in the following table represent Globex's share of sales volumes before royalty burdens, and net present values before income taxes.

Reserve Summary

	Remaining Recoverable Reserves		Net Present Values (incl. ARTC)		
	Oil and NGL	Natural Gas	Discounted ($000)		
Reserve Category	MSTB	MMCF	10%	12%	15%
Proved Producing	491.9	2,843.8	11,690.6	11,136.0	10,421.2
Proved Non-Producing	5.0	3,105.3	4,005.7	3,719.4	3,341.7
Proved Undeveloped	0.0	11.2	15.3	12.9	10.4
Total Proved	496.9	5,960.3	15,711.6	14,868.3	13,773.3
Probable	314.8	970.7	2,349.8	2,028.7	1,653.5
Total Proved Plus Probable	811.7	6,931.0	18,061.4	16,897.0	15,426.8
50% Reduction on Probable	157.4	485.4	1,174.9	1,014.4	826.7
Total Proved Plus Half Probable	654.3	6,445.6	16,886.5	15,882.6	14,600.1

On a proven basis, natural gas represents approximately two-thirds and crude oil and natural gas liquids represent approximately one-third of the Company's year-end reserves. On a barrel of oil equivalent basis, 86% of the Company's year-end proven reserves are in Alberta while 14% are in Saskatchewan.

The associated pricing assumptions as of January 1, 2003, determined by Paddock Lindstrom & Associates Ltd., are as follows:

Pricing Assumptions

As of January 1, 2003	Crude Oil WTI @ Cushing ($US/bbl)	Natural Gas @ AECO ($Cdn/mmbtu)	Exchange Rate (Cdn/US)
2003	26.00	5.60	0.65
2004	24.00	5.20	0.65
2005	22.50	4.88	0.65
2006	22.95	4.94	0.65
2007	23.41	5.00	0.65

Undeveloped Lands

At year-end, Globex's undeveloped land holdings in Western Canada increased to 6,509 net acres. In Alberta, primarily in the Peace River Arch, undeveloped land holdings increased 80%, while in southeastern Saskatchewan, new acreage was purchased at crown land sales. The following table summarizes Globex's current undeveloped land interests in Western Canada.

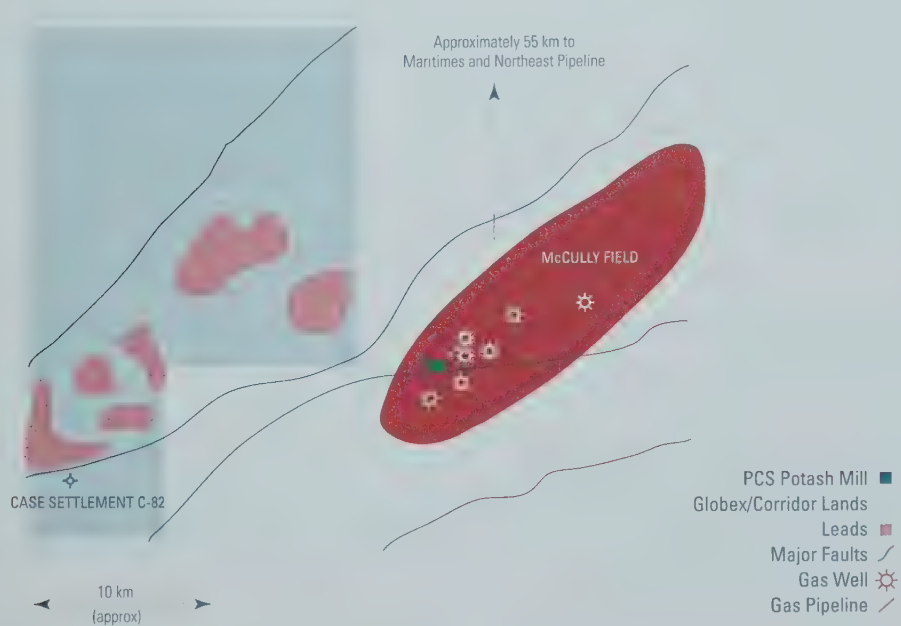
	Gross Acres	Net Acres
Alberta	14,640	5,866
Saskatchewan	1,410	643
Total	16,050	6,509

Globex in Eastern Canada

In New Brunswick, Globex completed its $2 million farm-in and work commitment earning a 50% working interest in three exploration licences held by Corridor Resources Inc. The three licences cover an area of 106,700 acres and are located to the north and west of the town of Sussex, New Brunswick. The exploration licences are in close proximity to the Maritimes & Northeast Pipeline, which delivers natural gas from offshore fields in the Sable Island area to markets in the Maritimes and northeastern United States.

In December 2001, Globex and Corridor spudded a well to evaluate the Case Settlement prospect, the first deep stratigraphic test well drilled on the farm-in lands. The Case Settlement C-82 well reached a total depth of 2,123 meters after encountering minor shows of natural gas and was subsequently abandoned in February 2002. The valuable information obtained has helped to further assess other leads in the area. At year-end, the licences jointly held with Corridor had a remaining term of 11 years. Timing of further drilling by Globex will be guided by Corridor's plans to develop the required infrastructure to produce and market natural gas from the nearby McCully gas discovery. In April 2003, Corridor commenced initial production from two wells in the McCully field to supply gas to a local potash mill operated by Potash Corporation of Saskatchewan (PCS).

Globex continues to hold 1.5 million shares of Corridor, which were purchased in December 2000. This investment provides the Company an opportunity for substantial capital gains through Corridor's working interest in further developing the McCully gas field as well as Corridor's large number of exploration prospects throughout Eastern Canada.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Globex's financial position and results of its operations should be read in conjunction with the financial statements presented in this Annual Report. Globex is continuing its practice of stating barrels of oil equivalent (boe) by using a ratio of six thousand cubic feet of natural gas to one barrel of oil.

Overview

During 2002, Globex replaced its reserves and reported another year of increase in its average production in Western Canada. Through land purchases and a wide area farm-in in southeastern Saskatchewan, Globex is positioned to participate in an aggressive drilling program in 2003. The Company completed its farm-in and work commitment earning a 50% working interest in three exploration licences (106,700 gross acres) located to the north and west of Sussex in the Province of New Brunswick. With over 10 years remaining on the term of these licences, the timing of further exploration activities on the earned lands will be influenced by the operator's ongoing delineation and development plans at the adjacent McCully natural gas field.

Revenues and Production

Globex's crude oil and natural gas revenues decreased 7.5% to $7,959,815 in 2002 from $8,606,558 in 2001. This resulted from reduced natural gas prices offset by increased oil prices and increased sales of oil and natural gas volumes. The average crude oil and NGL price for 2002 was up 6% to $34.22 per barrel from $32.30 per barrel in 2001. Oil and NGL production during 2002 increased marginally to 337 bbls/d compared to 329 bbls/d in 2001. Natural gas sales realized an average price of $3.86 per mcf on sales of 2.7 mmcf/d compared to $5.40 per mcf on sales of 2.4 mmcf/d. Globex's average production in 2002 increased to 791 boe/d from 733 boe/d in 2001 primarily as a result of payout adjustments on the Company's interest in two gas wells at Carrot Creek. New oil and gas production brought onstream during 2002 was largely offset by production declines experienced at the Balsam gas property. Average December 2002 production declined to 626 boe/d compared to 719 boe/d in December 2001.

Globex's production mix in 2002 was 57% natural gas and 43% oil and NGL. In 2001, the production mix was 55% natural gas and 45% oil and NGL.

Royalties

Royalties net of ARTC were $1,580,223 for 2002 compared to $1,622,861 for 2001. This decrease is attributable primarily to lower natural gas prices offset by higher oil and gas production. As a percentage of production revenue, royalties were 19.9% in 2002 versus 18.9% in 2001.

Operating Costs

Operating costs were about the same — $1,684,506 in 2002 compared to $1,672,114 in 2001. On a boe basis, operating costs decreased by 6.6% to $5.84 per boe in 2002 from $6.25 per boe a year earlier.

General and Administrative Expenses

General and administrative expenses decreased by 14.8% in 2002 to $653,580 from $767,409 in 2001 due to lower contract services. On a boe basis, general and administrative expenses reduced to $2.26 per boe in 2002 from $2.87 per boe in 2001.

Depletion, Depreciation and Site Restoration

Depletion, depreciation and site restoration expenses increased to $1,874,274 in 2002 from $1,496,922 in 2001 as a direct result of higher production and an increased capital asset base. On a boe basis, depletion, depreciation and site restoration for 2002 increased 16% to $6.50 versus $5.59 in 2001. This was primarily due to higher finding and development costs. Exploration expenditures incurred in Eastern Canada were excluded for depletion purposes as the earned acreage in New Brunswick is still an undeveloped area.

Current and Future Taxes

In 2002, Globex paid current taxes of $262,738 (2001 – $344,551) and the future tax provision was $621,192 (2001 – $1,504,057). The Company reduced its current and future tax obligations for 2002 as a result of increased seismic and exploration drilling expenditures primarily in New Brunswick.

Cash Flow from Operations and Earnings

Cash flow from operations decreased 11.6% to $3,715,975 during 2002 from $4,205,365 in 2001 as a result of lower natural gas prices. On a per share basis, cash flow decreased to 41 cents per share in 2002 from 46 cents per share in 2001. Earnings decreased to $1,220,509 during 2002 from $2,764,936 in 2001. Earnings were higher in 2001 primarily due to a gain of $1,559,437 ($867,983 net of income tax or 9.4 cents per share) realized on the sale of all of Globex's oil and gas properties in the Province of British Columbia. On a per share basis, earnings decreased to 13 cents per share in 2002 compared to 30 cents per share in 2001.

Liquidity and Capital Resources

Globex continues to be debt-free. In addition, the Company funded its $4.8 million capital program from internal cash flow and property divestments. The Company currently has an available line of credit of $5 million.

The Company acquired 104,300 common shares under its normal course issuer bid at an average price of $1.24 resulting in a cash outlay of $129,261. Globex had 9,082,700 shares issued and outstanding at year-end 2002.

Globex intends to continue funding its capital program substantially from internal cash flow, with the flexibility of drawing on available lines of credit for low-risk development or acquisition opportunities. The 2003 capital budget has been set at $6 million and will be financed primarily through internal cash flow.

The Company's financial position is strong and therefore has the flexibility to capitalize on available investment opportunities.

Net Asset Value

As at December 31, 2002 (Before Income Tax)	Total Proved Plus Half Probable Discounted 10% ($000)	Discounted 12% ($000)	Discounted 15% ($000)
Net Present Value of Reserves	16,887	15,883	14,600
Net Present Value of			
Future Abandonment and Site Restoration	(373)	(351)	(323)
Undeveloped Land and Seismic			
Alberta and Saskatchewan	658	658	658
New Brunswick @ cost	2,426	2,426	2,426
Working Capital	(116)	(116)	(116)
Investments			
Corridor Resources Inc. @ market value	1,305	1,305	1,305
Asia Pacific Oil Ltd. @ cost	100	100	100
Net Asset Value	20,887	19,905	18,650
Per Share			
Basic	$2.30	$2.19	$2.05
Fully Diluted	$2.23	$2.14	$2.01

Capital Expenditures

Capital expenditures for 2002 totalled $4,776,411 compared to $5,125,247 in 2001 as follows:

	2002	2001
Drilling and Completions	**$ 3,014,738**	$ 2,540,402
Production Facilities and Well Equipment	**808,108**	845,830
Seismic	**354,942**	1,032,338
Land	**402,814**	83,674
Acquisitions	**42,000**	450,000
Capitalized General and Administrative Cost	**153,809**	173,003
	$ 4,776,411	$ 5,125,247

Since commencement of operations in 1997, the Company has spent $13.6 million (net of $5.4 million in disposition proceeds) to establish a proven reserve base of 2.6 million boe (including 1.1 million boe of production to year-end 2002). After allowing for future development, abandonment and site restoration costs, the Company's acquisition, finding and development cost to date is $5.97 per boe on a proven reserve basis.

Business Risks

Companies active in the Canadian oil and natural gas industry are exposed to a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include finding and developing oil and natural gas reserves economically, marketing production, hiring and retaining employees and conducting operations in a cost-effective manner. Globex mitigates these risks by hiring and contracting highly skilled professionals with proven expertise in their field. The Company maintains an insurance program that is consistent with industry practice. Globex also reduces risk by maintaining an inventory of internally generated prospects for both oil and natural gas within strategically selected core geographic areas, operating joint venture prospects and using leading-edge technology.

Financial risks include commodity prices, interest rates and the Canadian/US exchange rate, all of which are beyond the Company's internal control. The Company manages its exposure to commodity pricing and exchange rate fluctuations through hedges where appropriate. In addition, the Company minimizes interest rate risk through prudent management of cash flow, bank and equity financing.

Safety and Environment

Globex is subject to various regulatory risks, many of which are beyond the Company's control. Globex takes a proactive approach with respect to environmental and safety matters and also has an operational emergency response plan in place.

MANAGEMENT'S REPORT

The accompanying financial statements and all information in the annual report are the responsibility of management. The financial statements have been prepared by management in accordance with the accounting policies described in the notes to the financial statements. The financial statements have been prepared within acceptable limits of materiality and are in accordance with Canadian generally accepted accounting principles appropriate in the circumstances. The financial information contained elsewhere in this annual report has been reviewed to ensure consistency with that in the financial statements.

Management maintains a system of internal accounting controls, policies and procedures in order to provide reasonable assurance as to the reliability of the financial records and the safeguarding of assets.

External auditors, appointed by the shareholders of the Corporation, have examined the financial statements and have expressed an opinion on the statements. Their report is included with the financial statements.

The Board of Directors of the Corporation has established an Audit Committee, consisting of non-management directors, to review these statements with management and the auditors. The Audit Committee has approved these statements on behalf of the Corporation's Board of Directors.

Ashok Bhasin

ASH BHASIN President and Chief Executive Officer and Chief Financial Officer

G. deBoon

GEORGE DE BOON Vice President and Chief Operating Officer

March 28, 2003

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheets of Globex Resources Ltd. as at December 31, 2002 and 2001 and the statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

CHARTERED ACCOUNTANTS Calgary, Canada, March 28, 2003

BALANCE SHEETS

December 31, 2002 and 2001	**2002**	2001
Assets		
Current assets:		
Cash	**$ 174,742**	$ 681,500
Accounts receivable	**1,282,769**	2,150,549
Prepaid expenses	**43,965**	31,699
	1,501,476	2,863,748
Investment (note 3)	**1,750,000**	1,750,000
Capital assets (note 4)	**10,384,378**	8,194,186
	$13,635,854	$12,807,934
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 1,617,143**	$ 2,597,020
Provision for future site restoration	**302,061**	206,704
Future income taxes (note 7)	**3,661,258**	3,040,066
Shareholders' equity:		
Share capital (note 6)	**2,744,990**	2,776,512
Retained earnings	**5,310,402**	4,187,632
	8,055,392	6,964,144
	$13,635,854	$12,807,934

See accompanying notes to financial statements.

On behalf of the Board:

DINESH DATTANI Director

ROGER RECTOR Director

STATEMENTS OF INCOME AND RETAINED EARNINGS

Years ended December 31, 2002 and 2001	**2002**	2001
Revenues		
Oil and gas sales	**$ 7,959,815**	$ 8,606,558
Royalties (net of Alberta Royalty Tax Credit)	**(1,580,223)**	(1,622,861)
	6,379,592	6,983,697
Interest	**12,186**	64,301
Gain on sale of capital assets	**—**	1,560,904
	6,391,778	8,608,902
Expenses		
Operating	**1,684,506**	1,672,114
General and administration	**653,580**	767,409
Provision for site restoration	**158,055**	200,794
Interest and bank charges	**74,979**	58,913
Depreciation and depletion	**1,716,219**	1,296,128
	4,287,339	3,995,358
Earnings before income taxes	**2,104,439**	4,613,544
Income taxes (note 7)		
Current	**262,738**	344,551
Future	**621,192**	1,504,057
	883,930	1,848,608
Net earnings for the year	**1,220,509**	2,764,936
Repurchase common shares pursuant to normal course issuer bid (note 6(d))	**(97,739)**	(24,618)
Stock options purchased for cancellation (net of tax of $270,977) (note 6(b))	**—**	(566,923)
Retained earnings, beginning of year	**4,187,632**	2,014,237
Retained earnings, end of year	**$ 5,310,402**	$ 4,187,632
Earnings per share		
Basic	**$ 0.13**	$ 0.30
Diluted	**$ 0.13**	$ 0.29

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2002 and 2001	2002	2001
Cash provided by (used in):		
Operations		
Net earnings for the year	**$ 1,220,509**	$ 2,764,936
Items not involving cash:		
Depreciation and depletion	**1,716,219**	1,296,128
Provision for site restoration	**158,055**	200,794
Future income taxes	**621,192**	1,504,057
Gain on sale of capital assets	**—**	(1,560,550)
Cash flow from operations	**3,715,975**	4,205,365
Change in non-cash operating working capital	**119,504**	335,255
	3,835,479	4,540,620
Investments		
Capital assets	**(4,776,411)**	(5,125,247)
Site restoration expenditures	**(62,698)**	(57,556)
Proceeds on disposal of capital assets	**870,000**	2,861,510
Change in non-cash investing working capital	**(243,867)**	271,703
	(4,212,976)	(2,049,590)
Financing		
Share repurchases (note 6(d))	**(129,261)**	(34,590)
Issuance of share capital, net of issue costs (note 6)	**—**	9,000
Stock options purchased for cancellation (net of tax)	**—**	(566,923)
Repayment of long-term debt	**—**	(1,242,000)
	(129,261)	(1,834,513)
Increase (decrease) in cash during the year	**(506,758)**	656,517
Cash, beginning of year	**681,500**	24,983
Cash, end of year	**$ 174,742**	$ 681,500
Cash flow from operations per share		
Basic	**$ 0.41**	$ 0.46
Diluted	**$ 0.41**	$ 0.45

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS *years ended December 31, 2002 and 2001*

1. Basis of presentation

Globex Resources Ltd. ("Globex" or the "Corporation") is incorporated pursuant to the provisions of the Alberta Business Corporation Act.

2. Significant accounting policies

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant policies summarized below:

(a) Capital assets

The Corporation follows the full cost method of accounting for petroleum and natural gas operations whereby all costs of exploring for and developing petroleum and natural gas properties and related reserves are capitalized into a single Canadian cost centre. Such costs include land acquisition costs, costs of drilling both productive and non-productive wells, geological and geophysical expenses, well equipment and directly related overhead expenditures. Gains or losses on the sale or disposition of petroleum and natural gas properties are not ordinarily recognized in earnings except under circumstances, which result in a major revision of depletion rates.

Capitalized costs are depleted using the unit-of-production method based on estimated proved reserves of petroleum and natural gas before royalties as determined by an independent engineer. For purposes of the depletion calculation, natural gas reserves and production are converted to equivalent volumes of crude petroleum based on the approximate relative energy content.

The lesser of cost and fair market value of unproved properties is excluded from the depletion calculation. These properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of impairment is added to the costs subject to depletion.

The Corporation applies a "ceiling test" to capitalized costs to ensure that such costs do not exceed future net revenues from estimated production of proved reserves, using prices and costs in effect at the Corporation's year-end. Future net revenues are calculated after deducting general and administrative costs, financing costs, income taxes and future site restoration and abandonment costs. Where proved reserves are acquired at a price greater than the related ceiling test amount, and where the excess is not considered to represent a permanent impairment in the value of the acquired property, the Corporation will not write-down the carrying value of its petroleum and natural gas capitalized costs for a two year period.

Substantially all of the Corporation's exploration and production activities are conducted jointly with others and accordingly, the accounts reflect only the Corporation's proportionate interest in such activities.

(b) Future site restoration

Estimated future site restoration costs are provided on a unit-of-production basis. The provision is based on estimated current costs of complying with existing legislation and industry practice for site restoration and abandonment. The annual charge is included in the calculation of net earnings. Actual future site restoration expenditures are charged to the accumulated provision as incurred.

(c) Measurement uncertainty

The amounts recorded for depletion and depreciation of capital assets and the provision for future site restoration costs are based on estimates. The ceiling test calculation is based on such factors as estimates of proved reserves, production rates, oil and natural gas prices and future costs. By their nature, these estimates are subject to measurement uncertainty and may impact financial statements of future periods.

(d) Long-term investments

Long-term investments are recorded at cost unless the investment has suffered a decline in value that is other than temporary. Dividends from these investments are included in earnings when received.

(e) Income taxes

The Corporation follows the liability method of accounting for future income taxes. Under the liability method, future income tax assets and liabilities are determined based on "temporary differences" and are measured using the current, or substantively enacted, tax rates and laws expected to apply when these differences reverse. A valuation allowance is recorded against any future income tax assets if it is more likely than not that the asset will not be realized.

(f) Stock-based compensation plan

Effective January 1, 2002, the Corporation adopted, on a prospective basis, the new Canadian accounting standards for stock-based compensation and other stock-based payments. Under the new standards, the Corporation adopted the intrinsic value method for stock-based compensation granted to employees of the Corporation where compensation cost is recognized for stock options granted at market prices, or prices below the market price of the underlying common share, on the date of grant. The Corporation is required to provide pro forma information with regards to its net income as if compensation cost for the Corporation's stock option plan had been determined in accordance with the fair-value based method.

There has been no impact on the current period financial statements as a result of this change in accounting policy since no options have been granted during 2002.

(g) Per share information

Basic per share amounts are calculated using the weighted average number of shares outstanding during the year. Diluted per share amounts are calculated based on the treasury-stock method, which assumes that any proceeds obtained on exercise of options would be used to purchase common shares at the average market price during the period. The weighted average number of shares outstanding is then adjusted by the net change.

3. Long-term investments

	2002	2001
Asia Pacific Oil Ltd.	**$ 100,000**	$ 100,000
Corridor Resources Inc.	**1,650,000**	1,650,000
Total (at cost)	**$ 1,750,000**	$ 1,750,000
Total (at year-end market value)	**$ 1,305,000**	$ 2,925,000

4. Capital assets

	2002	2001
Petroleum and natural gas properties	**$14,790,534**	$10,884,123
Accumulated depletion and depreciation	**(4,406,156)**	(2,689,937)
	$10,384,378	$ 8,194,186

Overhead expenditures directly related to petroleum and natural gas properties, in the amount of $153,809, have been capitalized in 2002 (2001 – $173,003).

Costs of unproved properties of $2,425,614 (2001 – $1,310,119) have been excluded from costs subject to depletion and depreciation.

At December 31, 2002, the estimated future site restoration costs to be accrued over the remaining life of the reserves are $959,300 (2001 – $1,098,400).

A ceiling test calculation as at December 31, 2002 indicated that the estimated future net revenues from proved reserves exceeded the net book value of the Corporation's petroleum and natural gas properties. The ceiling test is a cost recovery test and not intended to result in an estimate of fair market value. The prices used in the ceiling test were based on year-end average Canadian field prices for December 2002, which were $38.54 per barrel of crude oil and $5.94 per mcf of natural gas.

5. Long-term debt

As at December 31, 2002, the Corporation had a revolving production credit facility in the amount of $5,000,000 due on demand, which bears interest at a Canadian chartered bank prime rate plus 3/4 of a percent. As collateral for the credit facility, a general assignment of book debts and a $10,000,000 demand debenture secured by a first floating charge over all assets of the Corporation has been provided. The loan is subject to an annual review.

6. Share capital

The Corporation has an unlimited number of common shares authorized for issuance.

(a) Issued and outstanding

	Number of Shares	Amount
Balance, December 31, 2000	9,200,000	$ 2,777,484
Issued on exercise of options	20,000	9,000
Repurchased on normal issuer bid (note 6(d))	(33,000)	(9,972)
Balance, December 31, 2001	9,187,000	2,776,512
Repurchased on normal course issuer bid (note 6(d))	(104,300)	(31,522)
Balance, December 31, 2002	**9,082,700**	**$ 2,744,990**

(b) Outstanding options

The Corporation has an Employee Incentive Stock Option Plan (the "Plan"), which is administered by the Board of Directors of the Corporation. All directors, officers, employees and certain consultants of the Corporation are eligible to participate in the Plan. Under the terms of the Plan, the Corporation has reserved an amount of common shares for options equal to 10 percent of the issued and outstanding shares of the Corporation to a maximum of 985,000 shares. At the last annual and special meeting of shareholders held on June 21, 2001, shareholders approved a new stock option plan. Under the new plan, holders of stock options have a "Put Right" to cause the Corporation to purchase for cash vested options for cancellation at a price per option equal to the then current market value of common shares less the exercise price per share. The Corporation may, at its discretion, decline to accept the exercise of a Put Right. On June 22, 2001, all of the options holders holding in aggregate 965,000 options to purchase an equivalent amount of common shares of the Corporation from treasury exercised the Put Right. The Corporation considered the acceptance of the Put Rights to be in the best interest of its shareholders and accepted the Put Rights that were exercised. As a result, the Corporation disbursed $837,900 in exchange for the cancellation of the then existing stock options. An amount of $566,923, which is net of current income tax relief of $270,977, has been charged directly to retained earnings.

The following table summarizes transactions during the past two years pursuant to the Plan:

	2002			2001		
	Number of shares		Weighted average exercise price	Number of shares		Weighted average exercise price
Outstanding, beginning of year	**800,000**	**$**	**1.50**	985,000	$	0.63
Exercised during the year	—		—	(20,000)		0.45
Options repurchased and cancelled	—		—	(965,000)		0.63
Options granted	—		—	800,000	$	1.50
Outstanding and exercisable, end of year	**800,000**	**$**	**1.50**	800,000	$	1.50

	2002	2001
Options exercisable at $1.50 (expiry date June 25, 2006)	**800,000**	800,000
	800,000	800,000

(c) Normal course issuer bid

The Corporation has been authorized to purchase up to 454,080 common shares of the Corporation under a normal course issuer bid. The normal course issuer bid will expire on March 21, 2004. For the year ended December 31, 2002, the Corporation purchased 104,300 (2001 – 33,000) common shares under similar arrangements.

(d) Per share amounts

Per share amounts have been calculated on the weighted average number of shares outstanding. The weighted average shares outstanding for the year ended December 31, 2002 was 9,140,353 (2001 – 9,198,997). In calculating diluted earnings per share and diluted funds from operations per share, no shares (2001 – 226,495) were added to the weighted average number of shares outstanding for the dilutive effect of options.

7. Income taxes

The provision for income taxes differs from the result which would have been obtained by applying the Canadian combined federal and provincial tax rate to net earnings before taxes. The difference results from the following items:

	2002	2001
Earnings before taxes	$ 2,104,439	$ 4,613,544
Combined federal and provincial tax rate	42.5%	42.8%
Computed "expected" tax	$ 894,387	$ 1,974,597
Increase (decrease) in taxes resulting from:		
Royalties and other payments to provincial governments	$ 503,610	$ 438,328
Resource allowance	(435,770)	(473,192)
Income tax rebates and credits	(56,486)	(23,897)
Effect of tax rate reduction	—	(58,382)
Other	(21,811)	(8,846)
Provision for income taxes	$ 883,930	$ 1,848,608

The components of the net future income tax liability at December 31, 2002 are:

	2002	2001
Future income tax assets:		
Future site restoration	$ 96,123	$ 51,508
Share issue costs	—	6,241
	96,123	57,749
Future income tax liabilities:		
Petroleum and natural gas properties	3,407,333	2,744,756
Long-term investments in flow-through shares	350,048	353,059
	3,757,381	3,097,815
Net future income tax liability	$ 3,661,258	$ 3,040,066

8. Supplemental cash flow information

	2002	2001
Cash paid:		
Interest	$ 74,979	$ 58,913
Taxes	—	543,288

9. Related party transactions

During the year, the Corporation paid $266,723 (2001 – $269,592) for third party professional services, management services, office space and administrative services in the normal course of operations to companies in which one director has an ownership interest. These services are charged on a cost-sharing basis.

Included within accounts receivable is $129,970, owing from a company owned by one of the directors of the Corporation. This balance relates to joint venture activities in the normal course of operations.

10. Commitment

The Corporation has an agreement to farm-in on three exploration licences in New Brunswick. Under the terms of the letter of intent, the Corporation committed to spend $2 million on exploration activities by December 2002 in order to earn a 50% working interest in the licences. In 2002, the $2,000,000 commitment was completed.

11. Financial instruments

The Corporation's financial instruments are cash, accounts receivable and current liabilities.

(a) Fair values of financial assets and liabilities

The estimated fair values of financial instruments approximate their carrying amount due to the short-term maturity of those instruments.

(b) Credit risk

A substantial portion of the Corporation's accounts receivable are with customers and joint venture partners in the oil and gas industry and are subject to normal industry credit risks.

(c) Foreign currency exchange risk

The Company is exposed to foreign currency fluctuations as crude oil and natural gas prices received are referenced to US dollar denominated prices.

DIRECTORS AND OFFICERS

ASH BHASIN, B.A., LL.B.[1]
President, Chief Executive Officer, Director and Chief Financial Officer, with over 30 years of oil and gas industry experience, including 25 years with Gulf Canada Resources Limited in senior management roles.

GEORGE DE BOON, B.Sc., P.Eng.[2]
Vice President, Chief Operating Officer, Director and Corporate Secretary, with over 30 years of oil and gas experience in engineering, evaluation and operations in Western Canada and internationally.

DINESH DATTANI, C.A.[1, 2, 3]
Director, with over 20 years of experience in senior financial executive positions with international oil and gas companies. Dinesh is a director of a number of private and public companies and is the President of Double D Ventures Inc., a venture capital corporation.

ROGER RECTOR, Ph.D., P.Geol.[1, 2, 3]
Director, with over 30 years of experience in geology, geophysics and international management. Roger was previously Vice President, International with Gulf Canada Resources Limited.

1 Member of the Reserves Committee

2 Member of the Audit Committee

3 Member of the Compensation Committee

KEY PERSONNEL

PAUL MILLER, B.Sc., P.Geol.

Exploration Manager, is a geological consultant with over 25 years of experience in Western and Eastern Canada and internationally.

DAVID WANDZURA, B.Sc., P.Eng.

Operations Manager, is a drilling and operations engineer with over 25 years of experience in Western Canada and internationally.

BRENDA MAYDER

Land Manager, has over 30 years of industry experience primarily in Western Canada.

GREG MARSDEN, C.M.A.

Finance Manager, is a Certified Management Accountant with over 25 years of experience, including the last 20 years with public oil and gas companies.

INVESTOR RELATIONS

ASH BHASIN

T: (403) 237-5220 F: (403) 266-1525 abhasin@globexresources.com

The Annual General Meeting of Shareholders will be held on Tuesday, June 24, 2003 at 3:00 p.m., at The Metropolitan Centre, 333 – 4th Avenue SW, Calgary. All shareholders are encouraged to attend. Those unable to do so are requested to sign and return the proxy form mailed with this Annual Report.

Abbreviations

bbl	barrel
mbbls	thousand barrels
mcf	thousand cubic feet
mmcf	million cubic feet
bcf	billion cubic feet
NGL	natural gas liquids
boe/d	barrels of oil equivalent per day

(6 mcf/d = 1 boe/d)

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